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IN THE

Supreme Court of the United States

October Term, 1962

No. 1005

JOHN M. SHUBIN and PETER S. SHUBIN,
Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,
Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.,
Respondent.

Motion for Leave to File Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit Following Its Decision Upon Remand From This Court.

and

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit Following Its Decision Upon Remand From This Court.

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and

S. VINCEN BOWLES, INC.,
Respondent.

Motion for Leave to File Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit Following Its Decision Upon Remand From This Court.

To the Honorable, the Chief Justice and Associate Justices of the United States Supreme Court:

John M. Shubin and Peter S. Shubin, individuals, respectfully file this motion for leave to file with this Honorable Court their petition for writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

Dated: April 8, 1963.

Respectfully submitted,

WILLIAM DOUGLAS SELLERS,
Attorney for Petitioners John M. Shubin, and Peter S. Shubin.

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THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit Following Its Decision Upon Remand From This Court.

John M. Shubin and Peter S. Shubin respectfully pray that a writ of certiorari issue to review the order of January 31, 1963, of the United States Court of Appeals for the Ninth Circuit denying a second time petitioners' right to a jury trial.

The Prior Opinions.

The District Court did not write an opinion but its order granting the plaintiff's motion to strike defendants' demand for a jury trial was filed September 25, 1961, and is found at Appendix pages 56, 57 of the Petition for Writ of Mandamus to the Court of Appeals. [R. pp. 81-82].

The first decision of the Court of Appeals, filed December 29, 1961, reported at 299 F. 2d 47, 132 U. S. P. Q. 122, is set forth in the appendix [App. pp. 8-10; R. pp. 89-91].

Certiorari was granted on May 14, 1962 (No. 726, October Term, 1961; App. p. 10), reported at 369 U. S. 660, 82 S. Ct. 1035, and the order of the Court of Appeals dated December 29, 1961, was vacated and the case remanded for reconsideration in the light of *Dairy Queen, Inc. v. Wood* (1962), 369 U. S. 469, 82 S. Ct. 894.

The Court of Appeals in its second decision and order filed January 31, 1963 [App. pp. 11-14; R. pp. 173-176], and reported at .... F. 2d ...., 136 U. S. P. Q. 405, reaffirmed its original holding denying petitioners' right to a jury trial.

Jurisdiction.

The District Court had jurisdiction under the patent laws of the United States and more particularly under 35 U. S. C. 281; under 28 U. S. C. 1338(a), 2201 and 2202.

The jurisdiction of the Court of Appeals was invoked under the provisions of 28 U. S. C. A. 1651(a) as approved in *Ex parte Simons*, 247 U. S. 231, 38 S. Ct. 497, 62 L. Ed. 1094, and in *Beacon Theatres v. Westover et al.* (U. S. Sup. Ct. 1959), 359 U. S. 500, 79 S. Ct. 948.

The order of the Court of Appeals [App. pp. 8-10; R. pp. 89-91], denying the Petition for Writ of Mandamus or for other Writ or Relief was dated and entered on December 29, 1961.

Petitioners' Request for Rehearing was duly filed and was denied January 17, 1962 [R. pp. 92-105].

This Court granted certiorari on May 14, 1962 [No. 726, October Term, 1961; App. p. 10; R. pp. 120-121], reported at 369 U. S. 660, 82 S. Ct. 1035, vacated the decision of the Court of Appeals and remanded for reconsideration.

The order of the Court of Appeals following remand [App. pp. 11-14; R. pp. 173-176] again denied petitioners the right to a jury trial.

Petitioners' Request for Reconsideration and Rehearing [App. pp. 15-19; R. pp. 178-182] was filed February 28, 1963, and was denied March 6, 1963. [R. p. 183].

There has been no order granting an extention of time within which to petition for certiorari and none has been requested.

The jurisdiction of this Court is invoked under 28 U. S. C. 1254(1) and on the following grounds:

> The United States Court of Appeals for the Ninth Circuit in denying petitioners the right to a jury trial has decided an important question of federal law which has not been, but should be, settled by this Court, which decision is in direct conflict with an applicable decision of the United States Court of Appeals for the Fifth Circuit involving the same basic principle of law, and which decision is inconsistent with the principles and import of the *Beacon Theatres*, 359 U. S. 500, 79 S. Ct. 948, and *Dairy Queen*, 369 U. S. 469, 82 S. Ct. 894, decisions of this Court.

The Questions Presented.

The basic questions raised as set forth in the first petition for certiorari (No. 720, October Term, 1961) are as follows:

1. Is a party entitled to a jury trial in the United States District Court in an action in which the complaint and answer raise only jury issues, but a counterclaim raising the same issues seeks equitable relief?

2. Have the District Court and the Court of Appeals followed the law as established by this Court in *Beacon Theatres, Inc. v. The Honorable Harry C. Westover, Judge of the United States District Court of the Southern District of California, Central Division, et al.* (S. Ct. 1959), 359 U. S. 500, 79 S. Ct. 948, in denying petitioners' right to a jury trial as to the issues of an original complaint and answer because combined with a counterclaim seeking equitable relief?

3. Whether the decision of the Court of Appeals in this case is not in conflict with the decision of the Circuit Court of Appeals for the Fifth Circuit in *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al.* (decided September 15, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1.

4. Does the District Court violate judicial discretion and deprive petitioners of due process of law by (1) refusing to grant leave to file an amended counterclaim which eliminates prayers for equitable relief in the absence of irreparable harm and the presence of adequate legal remedy, and (2)

using the presence of these prayers for equitable relief to justify the striking of a demand for jury trial?

The Court of Appeals upon remand sought to justify its refusal to follow the law of *Beacon Theatres,* 359 U. S. 500, 79 S. Ct. 948, and *Dairy Queen,* 369 U. S. 469, 82 S. Ct. 894, upon new grounds which seriously restrict the right to trial by jury in the Ninth Circuit, the decision raising the following questions:

5. Are the issues of patent validity and patent infringement raised by the complaint and answer in a declaratory judgment action jury issues as to which there is a right to trial by jury?

6. Is the right to trial by jury as to jury issues present in the complaint and answer in a declaratory judgment action lost by the filing of a compulsory counterclaim seeking equitable relief?

7. Can a compulsory counterclaim seeking equitable relief provide the "imperative circumstances" justifying the denial of a properly demanded trial by jury as to issues of the complaint and answer as required by *Beacon Theatres* and *Dairy Queen?*

8. Can the test of "imperative circumstances", required by *Beacon Theatres* and *Dairy Queen,* be met by (a) a demand for an accounting when it is admitted there is nothing to account for; or (b) a demand for an injunction which the party demanding has sought to withdraw?

9. Does the failure to mention a specific sum of damages, when admittedly no damages are pres-

ent; justify a refusal to follow the law of *Dairy Queen?*

10. To what extent is the right to a trial by jury recognized in *Beacon Theatres* and in *Dairy Queen* to be undercut in order to defeat the right to a trial by jury in a patent case?

Constitutional Provisions, Statutes and Rules Involved.

The following Constitutional Provisions, Statutes and Rules are involved:

United States Constitution, Amendment 7;

28 U. S. C. 1338(a), 2072, 2201:

Rules 2, 13, 15, 38 and 39 of the Federal Rules of Civil Procedure.

Statement of the Case

John M. Shubin and Peter S. Shubin, petitioners here and defendants-counterclaimants in the District Court, hereinafter called Shubins, are the owners of United States Letters Patent 2,961,105 directed to a rubbish truck incorporating novel loading mechanism. Respondent S. Vincen Bowles, Inc., plaintiff in the District Court, hereinafter called Bowles, prior to the filing of the complaint made and sold trucks which were viewed by Shubins to comprise infringements. Notification of infringement was given. Without waiting to be sued, Bowles filed a complaint [R. pp. 28-36] seeking declaratory relief.

The complaint set forth the alleged controversy between the parties, alleged that the respondent did not infringe, that the patent was invalid, and sought de-

claratory relief in the form of a judgment that the patent was invalid and unenforceable and that the respondent did not infringe.

By their answer [R. pp. 36-37] Shubins only denied the allegations of the complaint, raised no issues and prayed that the complaint be dismissed, for costs, and for reasonable attorneys fees. A jury trial was demanded

It was not known at the time the answer was filed that Bowles was discontinuing infringement and a counterclaim [R. pp. 37-39] was filed with the answer alleging infringement, praying for an injunction, for an accounting, and for treble damages.

The Bowles reply [R. pp. 40-47] to the counterclaim alleged that Shubins should take nothing thereby.

By the original complaint and answer the issues of validity and patent infringement were raised and were proper for a jury trial. A jury was demanded. By the compulsory counterclaim filed concurrently with the answer, and by the reply thereto, the same issues of patent validity and infringement were raised. Equitable relief was sought by the counterclaim.

Bowles, in an effort to avoid a jury trial upon the jury issues raised by the complaint and by the answer, moved [R. pp. 47-60] to strike Shubins' demand for jury trial.

Shubins, having learned that Bowles had discontinued infringing and had not sold any infringing devices since the institution of suit, recognized that an accounting was not necessary and that an injunction also would be unnecessary.

Accordingly, Shubins for purposes of simplifying the suit and also to eliminate any contention that the demand for a jury trial upon the issues raised by the complaint and the answer should not be recognized, moved the court by their "Motion for Leave to File Amended Counterclaim" [R. pp. 63-66] for leave to file an amended counterclaim only.

No permission to amend the answer was requested and no amendment thereto was made.

With their motion for leave to file an amended counterclaim, the Shubins filed a clean copy of the original answer with the proposed amended counterclaim. The original answer [R. pp. 36-37] and the retyping thereof [R. pp. 60-61] are identical, word for word. The proposed amended counterclaim [R. pp. 61-63] eliminated all prayers for equitable relief.

The District Court heard the Shubin Motion for Leave to File Amended Counterclaim and the Bowles Motion to Strike Demand for Jury Trial on July 27, 1961, denied the former and granted the latter [R. pp. 81-82].

Shubins, believing they were being forced to seek relief they did not need or want, and that they were being wrongfully denied a jury trial on the issues raised by the original complaint and answer, petitioned the Court of Appeals for the Ninth Circuit. That petition [R. pp. 1-25] sought the issuance of an order vacating the District Court order of July 27, 1961, and such other and further relief as to the court appeared proper.

The Court of Appeals denied the petition, its order appearing at Appendix pages 8-10, Record pages 89-91.

The Shubin request for rehearing was denied on January 17, 1962 [R. p. 105].

This Court did not, in granting certiorari in No. 726, reverse the decision of the Court of Appeals but instead vacated the order and remanded for reconsideration in the light of *Dairy Queen*, 369 U. S. 469, 82 S. Ct. 894.

Following the *per curiam* decision of this Court, petitioners filed their brief with the Court of Appeals, an answering brief was filed and a reply brief. The Court of Appeals heard the oral arguments on January 8, 1963, and its decision [App. pp. 11-14; R. pp. 173-176] affirmed, in effect, its prior decision [App. pp. 8-10; R. pp. 89-91].

The case is important to the Ninth Circuit because the holding below seriously undercuts the right to trial by jury and because the decision, while doing lip service to the law of *Beacon Theatres* and *Dairy Queen*, establishes a standard for "imperative circumstances" required to justify the denial of a properly demanded jury trial comprising circumstances not remotely "imperative".

The case is important to the Ninth Circuit because the holding of the Court of Appeals either gives the wrong answer, or leaves in doubt the answer, to each of the questions set forth above under the title "The Questions Presented".

Summary of Argument.

1. The decision of the Court of Appeals does not follow the law of the *Beacon Theatres* case.

2. The decision of the Court of Appeals conflicts with the *Thermo-Stitch* case of the Fifth Circuit.

3. The Court of Appeals does not recognize the right to trial by jury to extend to declaratory judgment actions in patent cases.

4. The Court of Appeals does not recognize the right to trial by jury to extend to declaratory judgment actions in which the issues of patent validity and infringement are raised and no damages are sought.

5. The issues of validity and of infringement are jury issues.

6. The Court of Appeals does not recognize the right to a trial by jury upon the issues raised by the complaint and answer in a declaratory judgment action in the presence of a compulsory counterclaim seeking equitable relief.

7. The "imperative circumstances" required by this Court in *Beacon Theatres* to justify the denial of a properly demanded jury trial are not provided by circumstances not "imperative".

8. The view of the Court of Appeals that "the claim here involved is, on the peculiar pleadings, as modified by its admissions and stipulations, a purely equitable claim" is clear error.

9. The District Court violated judicial discretion.

ARGUMENT.

1. The Decision of the Court of Appeals Does Not Follow the Law of the Beacon Theatres Case.

The decision of the Supreme Court in the *Beacon Theatres* case clearly established the overriding importance of the constitutional guarantee of a jury trial as provided by the Seventh Amendment. There is no constitutional guarantee of a court trial. The law as laid down in the *Beacon Theatres* case is believed to be controlling in the present case. It was so recognized in *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al.* (C. A. 5, decided September 15, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1, hereinafter discussed.

In *Beacon Theatres* a mandamus proceeding was brought to require the Hon. Judge Harry C. Westover, of the same court as the present case, to vacate certain orders depriving the petitioner of a jury trial. The Court of Appeals for the Ninth Circuit refused the writ and petitioner sought certiorari. The Supreme Court reversed the Court of Appeals and held that the writ of mandamus should have been issued.

Fox West Coast Theatres had brought a declaratory judgment action against Beacon Theatres, Inc. Fox had entered into a contract with moving picture distributors giving to Fox the exclusive right to show "first run" pictures in its area, and providing that a "clearance", a time period, should take place between Fox's showing of first run pictures and the next showing. Beacon notified Fox that it considered the contract to be in violation of the antitrust laws.

Fox thereupon filed its complaint seeking declaratory relief and a ruling that the contract was reasonable and not violative of the antitrust laws. The complaint also sought an injunction to prevent Beacon from instituting any antitrust suits against Fox or its distributors.

Beacon filed an answer and a counterclaim against Fox, and also a cross-claim against the distributor of Fox who had intervened. These pleadings denied the threat to Fox, placed the complaint in issue, and asked for treble damages.

Beacon demanded a jury trial.

The district court viewed the issues raised by the complaint as essentially equitable and directed that the other issues be tried by the court before the jury determination of the validity of the charges of antitrust violation made in the counterclaim and cross-claim.

A common issue of the complaint, the counterclaim, and the cross-complaint was the reasonableness of the "clearances" granted Fox, and this reasonableness depended, in part, upon the presence or absence of competition between the two parties.

The Supreme Court stated that the result of the action of the district court was to "limit the petitioner's opportunity fully to try to a jury every issue which has a bearing upon its treble damage suit".

In reversing the Court of Appeals and ruling that the order of the district court was error, the Supreme Court said:

> "'In the Federal courts this (jury) right cannot be dispensed with, except by the assent of the

parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency'."

There are distinctions between the facts in the *Beacon Theatres* case and in the present case. Those differences, where present, give small support of any contention that petitioners are not guaranteed a jury trial by the Constitution in the present case if one was insured in the *Beacon Theatres* case.

The differences and similarities between and in the *Beacon Theatres* case and the present case recognized to be of any significance are here referred to:

1. In the *Beacon Theatres* case and in the present case the complaint sought declaratory relief.
2. In the *Beacon Theatres* case and in the present case the defendant filed a counterclaim asking for treble damages.
3. In the *Beacon Theatres* case and in the present case the defendant asked for a jury trial.
4. In the *Beacon Theatres* case the original complaint asked for equitable relief. In the present case no equitable issues were raised by the complaint and answer.
5. In the *Beacon Theatres* case the district court directed a court trial of all issues of a complaint which had asked for equitable relief. In the present case the district court directed a court trial of all issues of a complaint which asked only for legal relief.

6. In the *Beacon Theatres* case the district court directed a later jury trial of the issue as to treble damages raised by the counterclaim and cross-claim. In the present case the court held that the presence of equitable issues in the counterclaim should result in a single court trial of the legal issues in the complaint and answer as well as the equitable issues of the counterclaim.

The Supreme Court did not decide the *Beacon Theatres* case upon the basis of a limited or narrow set of facts but instead upon broad principles fully applicable to the present case. This is clearly reflected in the following:

". . . We granted certiorari, 356 U. S. 956, 78 S. Ct. 996, 2 L. Ed. 2d 1064, because 'Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.' Dimick v. Schiedt, 293 U. S. 474, 486, 55 S. Ct. 296, 301, 79 L. Ed. 603.

* * *

"The basis of injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies.

". . . Under the Federal Rules the same court may try both legal and equitable causes in the same action. . . . Whatever permanent injunctive relief Fox might be entitled to on the basis of the decision in this case could, of course, be given by the court after the jury renders its verdict.

". . . Since in the federal courts equity has always acted only when legal remedies were inadequate, the expansion of adequate legal remedies provided by the Declaratory Judgment Act and the Federal Rules necessarily affects the scope of equity. . . . This is not only in accord with the spirit of the Rules and the Act but is required by the provision in the Rules that 'the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved . . . inviolate.'

"If there should be cases where the availability of declaratory judgment or joinder in one suit of legal and equitable causes would not in all respects protect the plaintiff seeking equitable relief from irreparable harm while affording a jury trial in the legal cause, the trial court will necessarily have to use its discretion in deciding whether the legal or equitable cause should be tried first. Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial. As this Court said in Scott v. Neely, 140 U. S. 106, 109-110, 11 S. Ct. 712, 714, 35 L. Ed. 358: 'In the Federal courts this (jury) right cannot be dispensed with, except by the assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency.'"

In the instant case the right to trial by jury has not been protected nor has it been denied because of "imperative circumstances." It has been denied solely because the district court prefers to avoid a jury trial in a patent suit. Such a holding clearly is *contra* to *Beacon Theatres*.

2. The Decision of the Court of Appeals Conflicts With the Thermo-Stitch Case of the Fifth Circuit.

The decision of the Ninth Circuit Court of Appeals in the present case is in conflict with the decision of the Fifth Circuit Court of Appeals upon the question of the right to trial by jury of the issues of patent validity and infringement when raised by a complaint for declaratory judgment. The latter Court in a recent case supports petitioners' position with respect to the *Beacon Theatres* case. That case is *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation et al.* (C.A. 5, decided, September 15, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1. The facts of that case are very close to the present case.

Chemi-Cord sought declaratory judgment of patent invalidity and noninfringement and an injunction restraining the defendants from suing the plaintiffs and their customers. Defendant Thermo-Stitch counterclaimed for damages, patent infringement, fraud, and violation of the antitrust laws. Thermo-Stitch demanded a jury trial. Chemi-Cord, upon the ground the complaint sought equitable relief, moved (1) for a separate trial upon the issues of validity and infringement, and (2) to strike defendant's motion for a jury trial on those issues. The District Court granted the motion.

The Court of Appeals for the Fifth Circuit reversed upon the authority of *Beacon Theatres* saying:

> "Before Beacon Theatres was decided, the law was unclear but usually the determinative test on the point at issue was the 'basic' equitable character of the relief sought.
>
> "* * * the reasoning of the Beacon Theatres decision, however, clearly applies to this case. To interpret it in such a way that it should not control this case would be to ignore the express statement of the opinion that the decision was not based on the limited nature of the equitable claim involved.
>
> "Beacon Theatres holds that where the presence of legal and equitable causes in the same case requires the selection between a jury and a non-jury determination of certain common issues, the discretion of the trial court is 'very narrowly limited and must, wherever possible, be exercised to preserve jury trial.'"

In the *Thermo-Stitch* case, as here, the complaint seeking declaratory relief raised the issues of patent validity and infringement. In *Thermo-Stitch* the complaint also sought an injunction which was not sought by the complaint in the instant case. There is the additional distinction that in the present case the counterclaim seeks equitable relief which was not true in the *Thermo-Stitch* case.

The two cases have in common the questions of validity and infringement raised by the complaint and by the counterclaim and the demand for a jury trial with respect thereto.

In the *Thermo-Stitch* case it was held that the counterclaimant had the right to a jury trial, having demanded one. In the instant case this right was denied.

The law of *Beacon Theatres* was held to be controlling by the Fifth Circuit Court of Appeals but though urged was not followed by the Court of Appeals for the Ninth Circuit.

It is urged that here is an important question relating to the right to a jury trial upon which the two circuits are in disagreement and which disagreement should be resolved by this Court.

3. The Court of Appeals Does Not Recognize the Right to Trial by Jury to Extend to Declaratory Judgment Actions in Patent Cases.

It is the petitioners' contention that they are entitled to a jury trial as to the issues raised by the complaint and answer sounding in declaratory relief under *Beacon Theatres* and *Dairy Queen*. The holding of the Court of Appeals denies that right.

The Court of Appeals said:

> "Is this declaratory relief action, with its compulsory counterclaim, an action at law?" [App. p. 12; R. p. 174].
>
> "It has been held in an action for a declaratory judgment of invalidity of defendants' patent and noninfringement, where plaintiffs seek neither money damages nor an accounting, and defendants in their answer do not set up a counterclaim or an affirmative defense, the defendants' demand for a jury trial is properly stricken on motion, since the complaint as framed is equitable." [App. p. 13; R. p. 175].

Plaintiff Bowles filed its complaint for declaratory relief. No damages were asked. It was represented by Bowles, and the representation accepted, that there had been no infringement subsequent to the issue of the patent. The answer put in issue the validity and the threatened infringement of the patent. Shubins, petitioners here, with their answer asked for a jury trial.

> "The declaratory judgment action is, then, a residual, all purpose writ or action. It is neither legal nor equitable but operates in both areas. Accordingly there is a right of jury trial as to legal issues of fact."
>
> Moore's Manual, Federal Practice & Procedure, Sec. 22.01(6), p. 1589;
>
> *Hargrove v. American Cent. Ins. Co.* (C. C. A. 10th, 1942), 125 F. 2d 225, 228, 5 F. R. Serv. 38a.71, Case 1;
>
> *Pacific Indemnity Co. v. McDonald* (C. C. A. 9th, 1939), 107 F. 2d 446, 448, 2 F. R. Serv. 38a.71, Case 1, 131 A. L. R 208;
>
> *Dickinson v. General Accident Fire & Life Assur. Corp.* (C. C. A. 9th, 1945), 147 F. 2d 396, 397, 8 F. R. Serv. 38a.71, Case 1.
>
> "Validity and infringement are ultimate facts on which depends the question of liability. In actions at law they are to be decided by the jury."
>
> *United States v. Esnault-Pelterie*, 299 U. S. 201 at 205, 81 L. Ed. 123.

The Court of Appeals of the Fifth Circuit recognized the right to a trial by jury in a declaratory judg-

ment action in which the issues of patent validity and infringement were raised by the complaint and answer.

Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al. (1961), 294 F. 2d 486, 131 U. S. P. Q. 1, 3.

This Court in *Beacon Theatres*, an appeal from the Ninth Circuit, had before it a "Complaint for Declaratory Relief".

The law relied upon by the Court of Appeals in support of its views, first quoted above under this title, comprises decisions long prior to *Beacon Theatres* and *Dairy Queen* — decisions which did not recognize the "imperative circumstances" test. If they are to remain controlling then *Beacon Theatres* and *Dairy Queen* will have slight effect upon the right to a jury trial in a declaratory judgment action in the Ninth Circuit.

4. The Court of Appeals Does Not Recognize the Right to Trial by Jury to Extend to Declaratory Judgment Actions in Which the Issues of Patent Validity and Infringement Are Raised and No Damages Are Sought.

The Court of Appeals in its decision of January 31, 1963, said:

> "No amount of damage is specified. There is no prayed for damages in any amount." [App. p. 12; R. p. 174].
>
> "Here there can be no adequate remedy at law." [App. p. 14; R. p. 176].

The complaint and answer asked for no damages —asked for no equitable relief. Bowles represented there had been no infringemnt. Shubins accepted the representation.

The complaint for declaratory judgment was filed by the would-be infringer, the plaintiff Bowles. Obviously it would not ask for damages.

The answer to the complaint raised only the issues of patent validity and infringement and requested a jury trial. Legal rights, not money, were involved.

Is the plaintiff Bowles to be given the right to defeat defendant Shubins' right to a trial on the jury issues of validity and infringement by filing early before infringement occurs? That they are suitable for a jury was held in *United States v. Esnault-Pelterie*, 299 U. S. 201 at 205.

Frequently a declaratory judgment complaint is filed in a patent matter before there has been infringement. There would be no money damages. Is the defendant patent owner to be denied his right to a jury trial as to issues proper for a jury in an infringement action by virtue of the fact the would-be infringer brings suit before infringement actually takes place?

Such is the effect of the holding of the Court of Appeals.

5. The Issues of Validity and of Infringement Are Jury Issues.

A "jury issue" is defined as an issue suitable for trial by jury. Traditionally the role of the jury has been to find the facts.

In *Graver Mfg. Co. v. Linde*, 330 U. S. 271, 275 (1946), this Court said:

> ". . . We are now asked to hold that there has been no such invention.

"Rule 52(a) of the Federal Rules of Civil Procedure provides in part: 'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.' To no type of case is this last clause more appropriately applicable than to the one before us, where the evidence is largely the testimony of experts as to which the trial court may be enlightened by scientific demonstrations."

Certainly it cannot be denied that the question of validity or invention inherently involves questions of fact.

This Court's decisions in the patent field early laid down the judicial approach to the jury function in patent cases. In *Battin v. Taggert*, 17 How. 74, 85, 15 L. Ed. 37, 41 (1854), the trial court had directed a verdict for the alleged infringer on the basis of patent invalidity. Reversing, this Court stated:

"This . . . took from the jury, facts which it was their province to examine and determine. It was the right of the jury to determine from the facts in the case whether the specifications, including the claim, were so precise as to enable any person skilled in the structure of machines, to make the one described. This the statute required, and of this the jury are to judge.

"The jury are also to judge of the novelty of the invention, and whether the renewed patent is for the same invention as the original patent; and they are to determine whether the invention has been abandoned to the public. There are other

> questions of fact which come within the province of a jury, such as the identity of the machine used by the defendant with that of the plaintiff or whether they have been constructed and act on the same principle."

In *Keyes v. Grant*, 118 U. S. 25, 36, 30 L. Ed. 54, 58 (1886), in an action for infringement of an improvement in furnaces for smelting, the defense claimed anticipation by a machine described in an earlier publication. There were differences in the machines and their arrangements and experts disagreed as to whether these differences were material to the result and whether any improvement in plaintiff's machine was the result of invention. Reversing a directed verdict for defendant, this Court held that:

> "Clearly it was not a matter of law that the specifications of the plaintiff's patent, and the publication of Karsten, taken in connection with the drawings, . . . described the same thing . . . this was a question of fact properly to be left for determination to the jury, under suitable instructions. . . ."

In *Bishoff v. Wethered*, 76 U. S. 812, 19 L. Ed. 829 (1869), the Court held that the trial court could not instruct the jury as a matter of law that the specifications of a patent in issue compared with those of an alleged prior art patent, but that whether or not they did compare was a matter to be determined by the jury on all the evidence. To the same effect see *Turril v. Michigan Southern & N. I. R. Co.*, 68 U. S. 491, 17 L. Ed. 668 (1863). So too in *Thompson Spot Welder Co. v. Ford Motor Co.*, 265 U. S. 445.

68 L. Ed. 1098 (1924), the Court held that the question whether an improvement requires meré mechanical skill or the exercise of the faculty of invention is one of fact, and in an action at law for infringement is to be left to the determination of the jury.

In *Hunt Bros. Fruit Packing Co. v. Cassidy,* 53 Fed. 257 (C. A. 3, 1892), the court held that whether there was infringement of a patent for fruit dryers and whether the use of a particular device therein was known at the time of plaintiff's application, were questions of fact to be left to the jury. In *Carver v. Braintree Mfg. Co.,* Fed. Case No. 2,485, 2 Story 432 (C. C. Mass. 1843), the court held that objections that a patent invention is old, or that the original and the renewed patent are not for the same invention or that either were obtained with a fraudulent intent, all involve matters of fact, and are for the jury to decide. To the same effect see *Poppenhusen v. Falke,* Fed. Case No. 11,279 (C. C. N. Y., 1861), holding that whether a reissued patent is for the same invention as the original, is a question of fact for the jury. See also *Foote v. Selsby,* Fed. Case No. 4,916 (C. C. N. Y., 1849), aff'd 55 U. S. 218; *Washburn v. Gould,* Fed. Case No. 17,214, 3 Story 122 (C. C. Mass., 1844).

The following cases have held the question of validity is a question of fact or involves questions of fact:

First Circuit—*Lincoln Stones Inc. v. Nashua Mfg. Co.* (1946), 157 F. 2d 154.

Second Circuit—*Schering Corp. v. Gilbert* (1946), 153 F. 2d 428.

Third Circuit—*Zephyr American Corp. v. Bates Mfg. Co.* (1942), 128 F. 2d 380;
Cusano v. Kotler (1947), 159 F. 2d 159;
Galion v. Budd Mfg. (1948), 169 F. 2d 72;
Sutherland Paper v. Grant Paper (1950), 183 F. 2d 926.

Sixth Circuit—*O'Leary v. Liggett Drug* (1945), 150 F. 2d 656;
Bector Dickinson v. R. P. Scherer (1954), 211 F. 2d 835.

Seventh Circuit—*Baric v. Superior Tanning Co.* (1950), 182 F. 2d 724;
Associated Plastics v. Gits Molding (1950), 182 F. 2d 1000;
Texas Oil Co. v. Globe Oil Refining Co. (1955), 225 F. 2d 725.

Eighth Circuit—*Hall Laboratories v. Economics Laboratory Inc.* (1948), 169 F. 2d 65;
Trico v. Delman Corp. (1950), 180 F. 2d 529;
Willis v. Town (1950), 182 F. 2d 892.

Ninth Circuit—*Brodie Co. v. Hydraulic Press* (1945), 151 F. 2d 91;
Crowell v. Baker Oil Tools Inc. (1946), 153 F. 2d 972;
Maulsky v. Cozenroy (1947), 161 F. 2d 165;
Faulkner v. Gibbs (1948), 170 F. 2d 34.

In *United States v. Esnault-Pelterie* this Court said: "Validity and infringement are ultimate facts on

which depends the question of liability. In actions at law they are to be decided by the jury."

United States v. Esnault-Pelterie (1936), 299 U. S. 201, 81 L. Ed. 123;

Royer v. Belting Co. (1890), 135 U. S. 319, 34 L. Ed. 214;

Trustees of Masonic Fund v. Fountain Elect. etc. Corp. (C. A. 2, 1914), 218 Fed. 642.

It is clear the complaint and answer sounding in declaratory judgment contained jury issues. As to those issues petitioners made a timely demand for a jury trial. Under *Beacon Theatres* and *Dairy Queen* they are entitled to it.

6. The Court of Appeals Does Not Recognize the Right to a Trial by Jury Upon the Issues Raised by the Complaint and Answer in a Declaratory Judgment Action in the Presence of a Compulsory Counterclaim Asking for Equitable Relief.

The defendants Shubins filed a compulsory counterclaim primarily to prevent plaintiff dismissing the action. It was filed before plaintiff Bowles represented an absence of infringement subsequent to the issue of the patent.

Restricting consideration to the complaint and answer, a jury trial as to its issue was properly demanded. If the right was present, it should not be lost by the filing of a compulsory counterclaim.

F. R. C. P. 2 [App. p. 3] provides that there shall be only one form of action, a "civil action", which encompasses both actions at law and at equity.

F. R. C. P. 13 [App. pp. 3-4] provides at (a) that a party "shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim." Here the subject matter of the counterclaim and the complaint was identical.

F. R. C. P. 38 [App. pp. 6-7] provides at (a) that the right of trial by jury "as declared by the Seventh Amendment to the Constitution. [App. p. 1] or as given by a statute of the United States shall be preserved to the parties inviolate" and at (b) the demand for a jury trial may be made "not later than 10 days after the service of the last pleading directed to such issue" and "may be indorsed upon a pleading". Here the demand was indorsed upon the answer and counterclaim when filed.

F. R. C. P. 39 [App. p. 7] provides at (a) that when a jury trial has been demanded, the trial of all issues so demanded "shall be by jury" unless (1) the parties stipulate or agree in open court to a court trial, or (2) that the court upon motion or upon its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States.

In *Beacon Theatres* the dissenting opinion recognized that the right to trial by jury was not lost by the filing of a compulsory counterclaim and said:

> ". . . Since Beacon's counterclaim was compulsory under the Rules, see Rule 13(a), it is apparent that by filing it Beacon could not be held to have waived its jury rights. Compare American Mills Co. v. American Surety Co., 260 U.S. 260, 43 S.Ct. 149, 67 L.Ed. 306."

In *Beacon Theatres* the majority opinion put it this way:

> "In the Federal courts this (jury) right cannot be dispensed with, except by the assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency." (parenthetical matter inserted).

The Court of Appeals does not apply that law.

7. The "Imperative Circumstances" Required by This Court in Beacon Theatres to Justify the Denial of a Properly Demanded Jury Trial Are Not Provided by Circumstances Not "Imperative".

Beacon Theatres held that a demand for a jury trial once properly made can be dismissed as to questions proper for the jury only under the most "imperative circumstances".

> *Beacon Theatres*, 359 U. S. 500, 511, 79 S. Ct. 948, 957.

The law of *Beacon Theatres*, reinforced by *Dairy Queen v. Wood*, 369 U. S. 469, 82 S. Ct. 894, and properly construed by the Court of Appeals in *Thermo-Stitch v. Chemi-Cord* (C. C. A. 5th, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1, is narrowed and undercut by the Court of Appeals below.

If "imperative circumstances" can, in the manner of the decision below, be construed to include:

(a) the absence of a demand for damages in a declaratory judgment complaint and answer, in the admitted absence of damages; or

(b) the presence of a demand for an unneeded accounting in a compulsory counterclaim; or

(c) the presence of a demand for an unneeded injunction in a compulsory counterclaim;

the party making both demands of (a) and (b) having sought to strike them, then the right to a jury trial as reaffirmed by this Court in *Beacon Theatres* and in *Dairy Queen* has been greatly weakened.

Where were the "imperative circumstances" justifying the denial of a timely request for a jury trial?

This Court said in *Dairy Queen:*

". . . The legal remedy cannot be characterized as inadequate merely because the measure of damages may necessitate a look into petitioner's business records."

Dairy Queen v. Wood, 369 U. S. 469, 82 S. Ct. 894, 901.

Will the legal remedy be any less adequate when there are no damages?

In *Dairy Queen* the Court said with respect to the burden of showing necessity for equitable relief when the cause is cognizable at law:

". . . the burden of such a showing is considerably increased and it will indeed be a rare case in which it can be met."

The Court of Appeals does not apply this concept.

It is the Shubins' position they are entitled to a jury trial upon the issues raised by the complaint and answer. No damages were asked by either party in the complaint and answer. Bowles represented there were no damages and Shubins accepted the representation.

Failure, then, to demand damages is hardly an "imperative circumstance".

Shubins filed a counterclaim — a compulsory counterclaim — primarily for the purpose of preventing Bowles from dismissing the action but asking for an accounting, treble damages and an injunction.

The parties having agreed there are no damages certainly there is no need for an accounting. The Court of Appeals so stated:

> "Hence there exists no possibility that damages could be awarded, or that an accounting could become necessary or possible." [App. p. 12; R. p. 174].

How could an accounting to determine the extent of admittedly nonexistent damages be an "imperative circumstance"?

The compulsory counterclaim also sought an injunction but the plaintiff Bowles had voluntarily discontinued infringement. The defendants had tried to eliminate the request by filing an amended counterclaim. The request was denied by the District Court for the sole purpose of buttressing the denial of the right to a trial by jury. Is then the request for an unneeded injunction, present only because the District Court insists it be present, an "imperative circumstance"? It hardly seems reasonable.

This Court in *Beacon Theatres* clearly stated that the request for an injunction of itself does not comprise an "imperative circumstance" in the following words:

> ". . . whatever permanent injunctive relief Fox might be entitled to on the basis of the decision in this case could, of course, be given by the court after the jury renders its verdict."

That leaves only the so-called "admissions and stipulations" of the parties actually comprising only the representation by Bowles that no damages existed and the acceptance of that representation by Shubins. Hardly an "imperative circumstance".

In brief, there are no "imperative circumstances".

8. The View of the Court of Appeals That "the Claim Here Involved Is, on the Peculiar Pleadings, as Modified by Its Admissions and Stipulations, a Purely Equitable Claim" Is Error.

If that view were supportable upon analysis, the undercutting effect of the holding below upon the right to a jury trial under *Beacon Theatres* and *Dairy Queen* in the Ninth Circuit would be less important. It is not.

The claim of the complaint sounding in declaratory relief, and the answer thereto, only place in issue patent validity and infringement. Petitioners insist they have the right to a jury trial thereon.

What were the "peculiar pleadings" to which the Court of Appeals referred? There was nothing "peculiar" in the complaint and answer unless a complaint seeking declaratory judgment and answer thereto are "peculiar" *per se*.

That complaint and answer should not have been affected or made "peculiar" by the filing of a compulsory counterclaim as discussed *supra*. However, if it be assumed that such is possible, what is there about the counterclaim which renders it "peculiar", or which enables it to render the complaint and answer "peculiar." The answer is nothing unless a counterclaim raising the

issues of patent validity and infringement, and asking for an accounting and for an injunction, is "peculiar", or renders the complaint and answer "peculiar".

Additionally, to accept the Court of Appeals decision upon this "peculiar pleading" viewpoint it is necessary to accept the view that a nonpeculiar counterclaim transforms the claim of a nonpeculiar complaint and answer into "a purely equitable claim". This is unsound upon its face. A compulsory counterclaim should have no such effect.

This leaves only the view that the claim of the complaint and answer was converted into "a purely equitable claim" by "admissions and stipulations". There is only the representation by plaintiff Bowles that there had been no infringement and its acceptance by defendants Shubins in this classification.

The Court of Appeals reasons:

> "Hence there exists no possibility that damages could be awarded, or that an accounting could become necessary or possible. There is left only an 'equitable cause' before the court below". [App. p. 12; R. p. 174].

In other words, if the facts do not justify a demand for a sum certain in damages a claim otherwise "legal" is transformed into an "equitable cause".

This concept is clearly contrary to the established federal doctrine referred to above at page 16 that equitable relief is available only when the legal remedy is inadequate.

Why is the legal remedy inadequate? What became of the burden upon the party insisting upon equitable re-

lief to show it was necessary and the legal remedy inadequate?

In short there were no "admissions and stipulations" having any effect to transform the claim of the complaint and answer into "a purely equitable claim".

These facts are clear and the above quoted statement by the Court of Appeals cannot take from the actual holding of the case that the rights recognized by *Beacon Theatres* and *Dairy Queen* in the Ninth Circuit have been denied upon unsubstantial grounds.

In denying petitioners a jury trial the District Court ignored the law as laid down in *Beacon Theatres*, and held as it felt desirable to prevent Shubins from obtaining a jury trial. Judicial discretion was abused.

9. The District Court Violated Discretion.

In the federal courts equity acts only when legal remedies are inadequate and for the court to insist that equitable remedies be sought when not needed for the purpose of supporting a dismissal of a timely demand for a jury trial is an abuse of judicial discretion.

The District Court violated judicial discretion and deprived petitioners of due process of law (1) by refusing to grant leave to file an amended counterclaim which eliminated prayers for equitable relief in the absence of irreparable harm and the presence of adequate legal remedy, and (2) by using the presence of those prayers for equitable relief to justify the striking of a demand for jury trial.

The District Court, in granting the Bowles motion to strike the demand for a jury trial and in denying

the Shubin motion to file an amended counterclaim, said:

> ". . . but when the motion was made to strike and it became obvious that it was proper, a proper motion, and the motion to strike should be granted, then of course the defendant seeks to amend his counterclaim to avoid the motion to strike.
>
> * * *
>
> "The motion to strike the demand for a jury trial is granted, and the motion for leave to file an amended counterclaim will be denied."

No weight was given to the fact that the equitable remedy prayed for by the original counterclaim had been found to be unnecessary; not only was there an absence of "imperative circumstances", there was no need at all.

The ruling [Pet. for Mandamus, App. p. 50; R. pp. 56-57] violated the clear principle of F. R. C. P. 15 [App. p. 5] which provides relative to the right to amend pleadings:

> ". . . leave shall be freely given when justice so requires."

It also violated the law as stated by this Court in the *Beacon Theatres* case to the effect:

> "The basis of injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies."

As viewed by the District Court, and with the approval of the Court of Appeals, a litigant can be forced to continue to seek equitable relief although the circumstances of the case do not justify it, and although he does not want it, if that continuance will strengthen

the denial of a jury trial. In effect, this comprises a variation of the law and of the rules to enable the district court to buttress its denial of a jury trial.

Shubins found during discovery they did not need either an accounting or an injunction, yet the counterclaim on file sought both. To insist that petitioners-defendants continue to seek injunctive relief and an accounting when there is nothing to account for and nothing to enjoin does violence to the principles forming the very basis of injunctive relief in the federal courts which has always been irreparable harm and inadequacy of legal remedies.

Beacon Theatres, Inc. v. Westover, 359 U. S. 500, 79 S. Ct. 948, 3 L. Ed. 2d 988;

State of Pennsylvania v. Wheeling & Belmont Bridge Co., 13 How. 518, 561, 14 L. Ed. 249;

Parker v. Winnipiseogee Lake Cotton & Woollen Co., 2 Black 545, 551, 17 L. Ed. 333;

Enelow v. New York Life Ins. Co., 293 U. S. 379, 55 S. Ct. 310, 79 L. Ed. 440.

The right of the court to exercise judicial discretion cannot be contested, but where that right is exercised solely for the purpose of reinforcing the denial of a right to a jury trial, and not for any reason relating to the merits of the case, or to the presence or absence of any actual need of equitable relief, judicial discretion is violated.

Petitioners would clearly be entitled to a jury trial in the absence of prayers for equitable relief in the counterclaim. The proposed amended counterclaim [R. pp. 61-63] which petitioners moved for leave to file contains no such prayers.

Conclusions.

By its decision the Court of Appeals undercuts in the Ninth Circuit the right to trial by jury clearly delineated by this Court in *Beacon Theatres* and in *Dairy Queen* and properly interpreted by the Court of Appeals for the Fifth Circuit in *Thermo-Stitch, Inc. v. Chemi-Cord*, 294 F. 2d 486.

By its decision the Court of Appeals raises to the dignity of "imperative circumstances", required by *Beacon Theatres* and *Dairy Queen* to justify the denial of trial by jury as to jury issues when properly demanded, facts which are in no sense "imperative".

If the decision of the Court of Appeals stands, there will remain uncertainty and lack of clarity as to scope of *Beacon Theatres* and *Dairy Queen* in the Ninth Circuit.

By its decision the Court of Appeals sanctioned the abuse of discretion by the District Court in violating the fundamental federal rule that leave to amend pleadings should be freely granted when justice requires, the admitted reason for the holding of the District Court being to buttress the denial of a properly requested jury trial.

The granting of this petition is believed to be proper and such action is earnestly solicited.

Respectfully submitted.

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Attorney for Petitioners.

APPENDIX.

Constitution of the United States, Seventh Amendment.

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

28 U. S. C. 1338(a). Patents, copyrights, trade-marks, and unfair competition.

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

28 U. S. C. 2072. Rules of civil procedure for district courts.

The Supreme Court shall have the power to prescribe, by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure of the district courts of the United States in civil actions.

Such rules shall not abridge, enlarge or modify any substantive right and shall preserve the right of trial by jury as at common law and as declared by the Seventh Amendment to the Constitution.

Such rules shall not take effect until they have been reported to Congress by the Chief Justice at or after the beginning of a regular session thereof but not later than the first day of May, and until the expiration of ninety days after they have been thus reported.

All laws in conflict with such rules shall be of no further force or effect after such rules have taken effect. Nothing in this title anything therein to the contrary notwithstanding, shall in any way limit, supersede, or repeal any such rules heretofore prescribed by the Supreme Court. June 25, 1948, c. 646, 62 Stat. 961; May 24, 1949, c. 139, §103, 63 Stat. 104; July 18, 1949, c. 343, §2, 63 Stat. 446; May 10, 1950, c. 174, §2, 64 Stat. 158; July 7, 1958, Pub. L. 85-508, §12(m), 72 Stat. 348.

28 U.S.C. 2201. Creation of remedy.

In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such. June 25, 1948, c. 646, 62 Stat. 964; May 24, 1949, c. 139, §111, 63 Stat. 105; Aug. 28, 1954, c. 1033, 68 Stat. 890; July 7, 1958, Pub. L. 85-508, §12(p), 72 Stat. 349.

Federal Rules of Civil Procedure.

Rule 2. One Form of Action.

There shall be one form of action to be known as "civil action".

Rule 13. Counterclaim and Cross-Claim.

(a) Compulsory Counterclaims. A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction, except that such a claim need not be so stated if at the time the action was commenced the claim was the subject of another pending action.

(b) Permissive Counterclaims. A pleading may state as a counterclaim any claim against an opposing party not arising out of the transaction or occurrence that is the subject matter of the opposing party's claim.

(c) Counterclaim Exceeding Opposing Claim. A counterclaim may or may not diminish or defeat the recovery sought by the opposing party. It may claim relief exceeding in amount or different in kind from that sought in the pleading of the opposing party.

(d) Counterclaim Against the United States. These rules shall not be construed to enlarge beyond the limits now fixed by law the right to assert counterclaims or to claim credits against the United States or an officer or agency thereof.

(e) Counterclaim Maturing or Acquired After Pleading. A claim which either matured or was acquired

by the pleader after serving his pleading may, with the permission of the court, be presented as a counterclaim by supplemental pleading.

(f) Omitted Counterclaim. When a pleader fails to set up a counterclaim through oversight, inadvertence, or excusable neglect, or when justice requires, he may by leave of court set up the counterclaim by amendment.

(g) Cross-Claim Against Co-Party. A pleading may state as a cross-claim any claim by one party against a co-party arising out of the transaction or occurrence that is the subject matter either of the original action or of a counterclaim therein or relating to any property that is the subject matter of the original action. Such cross-claim may include a claim that the party against whom it is asserted is or may be liable to the cross-claimant for all or part of a claim asserted in the action against the cross-claimant.

(h) Additional Parties May Be Brought In. When the presence of parties other than those to the original action is required for the granting of complete relief in the determination of a counterclaim or cross-claim, the court shall order them to be brought in as defendants as provided in these rules, if jurisdiction of them can be obtained and their joinder will not deprive the court of jurisdiction of the action.

(i) Separate Trials; Separate Judgments. If the court orders separate trials as provided in Rule 42(b), judgment on a counterclaim or cross-claim may be rendered in accordance with the terms of Rule 54(b) when the court has jurisdiction so to do, even if the claims of the opposing party have been dismissed or otherwise disposed of.

Rule 15. Amended and Supplemental Pleadings.

(a) Amendments. A party may amend his pleading once as a matter of course at any time before a responsible pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, he may so amend it at any time within 20 days after it is served. Otherwise a party may amend his pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires. A party shall plead in response to an amended pleading within the time remaining for response to the original pleading or within 10 days after service of the amended pleading, whichever period may be the longer, unless the court otherwise orders.

(b) Amendments to Conform to the Evidence. When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the result of the trial of these issues. If evidence is objected to at the trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so freely when the presentation of the merits of the action will be subserved thereby and the objecting party fails to satisfy the court that the admission of such evidence would prejudice him in maintaining his action or defense upon the merits.

The court may grant a continuance to enable the objecting party to meet such evidence.

(c) Relation Back of Amendments. Whenever the claim or defense asserted in the amended pleading arose out of the conduct, transaction, or occurrence set forth or attempted to be set forth in the original pleading, the amendment relates back to the date of the original pleading.

(d) Supplemental Pleadings. Upon motion of a party the court may, upon reasonable notice and upon such terms as are just, permit him to serve a supplemental pleading setting forth transactions or occurrences or events which have happened since the date of the pleading sought to be supplemented. If the court deems it advisable that the adverse party plead thereto, it shall so order, specifying the time therefor.

Rule 38. Jury Trial of Right.

(a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

(b) Demand. Any party may demand a trial by jury of any issue triable of right by a jury by serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to such issue. Such demand may be indorsed upon a pleading of the party.

(c) Same: Specification of Issues. In his demand a party may specify the issues which he wishes so tried; otherwise he shall be deemed to have demanded trial by

jury for all the issues so triable. If he has demanded trial by jury for only some of the issues, any other party within 10 days after service of the demand or such lesser time as the court may order, may serve a demand for trial by jury of any other or all of the issues of fact in the action.

(d) Waiver. The failure of a party to serve a demand as required by this rule and to file it as required by Rule 5(d) constitutes a waiver by him of trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

Rule 39 Trial by Jury or by the Court.

(a) By Jury. When trial by jury has been demanded as provided in Rule 38, the action shall be designated upon the docket as a jury action. The trial of all issues so demanded shall be by jury, unless (1) the parties or their attorneys of record, by written stipulation filed with the court or by an oral stipulation made in open court and entered in the record, consent to trial by the court sitting without a jury or (2) the court upon motion or of its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States.

Order.

United States Court of Appeals for the Ninth Circuit.

John M. Shubin and Peter S. Shubin, Petitioners, vs. The United States District Court for the Southern District of California, Central Division, Respondent, and S. Vincen Bowles, Inc., Respondent. No. 17,590. Dec. 29, 1961.

In the Matter of the Petition for Writ of Mandamus and for Other Relief

Before: Barnes, Hamlin and Jertberg, Circuit Judges.

Before us is a petition for mandamus to require the district court to grant petitioners a jury trial on certain issues raised by a *proposed* amended counterclaim.

The original complaint below sought declaratory relief as to whether the then defendants' (here petitioners Shubin) patent was valid; and denied infringement by plaintiff. The original answer and counterclaim sought an injunction and an accounting, and demanded a jury. After plaintiff below sought leave to strike the defendants' demand for a jury trial, upon the ground only equitable issues were involved, defendants below sought to amend their counterclaim to eliminate all need for equitable relief, and to allege damages, and thus create a factual question.

It should be mentioned that discovery proceedings below indicated the prelitigation notice of patent and charge of infringement had so closely antedated the filing of the suit that both parties had agreed that no infringement had taken place—hence no necessity for the equitable relief prayed for in the original answer and counterclaim.

A partial transcript of the proceedings below is before us on this motion. It indicates the trial judge recognized that patent suits do not lend themselves readily to trial by jury for obvious reasons, yet if the defendants below and petitioners here were entitled under the law to a jury trial, he could not, and would not, deny their request.

Inferring that the only purpose of the proposed amended counterclaim was to create a factual issue in the case not then existing, the trial judge denied petitioners the right to amend. He then granted the motion to strike the demand for a jury trial upon the ground only equitable issues were involved.

When this action took place, petitioners had no legal right in the then posture of the case to amend their pleading without permission of the court. Such permission should be freely granted. Yet here it was not, for reasons sufficient to an experienced trial judge. Such an amendment, a matter of course before a responsive pleading is served, is not a matter of course or right after a responsive pleading is served.[4] We find no abuse of discretion in either of the court's rulings.

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[4] Rule 15. AMENDED AND SUPPLEMENTAL PLEADINGS.

"(a) *Amendments.* A party may amend his pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed on the trial calendar, he may so amend it at any time within 20 days after it is served. Otherwise a party may amend his pleading only by leave of court or by written consent of the adverse party; and

The petition for a writ of mandamus or other relief is denied.

(Endorsed) Order Filed Dec. 29, 1961.

Frank H. Schmid, Clerk.

Supreme Court of the United States.

Shubin et al v. United States District Court, Southern District of California, et al.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

No. 726. Decided May 14, 1962.

Per Curiam.

The petition for writ of certiorari is granted. The judgment is vacated and the case is remanded for consideration in light of *Dairy Queen, Inc. v. Wood*, 369 U. S. 469.

Mr. Justice Frankfurter took no part in the consideration or decision of this case.

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leave shall be freely given when justice so requires . . ." (Fed. R. Civ. P. 15(a), 28 U.S.C.)

"Rule 7. PLEADINGS ALLOWED; FORMS OF MOTIONS.

"(a) *Pleadings.* There shall be a complaint and an answer; and there shall be a reply to a counterclaim denominated as such; . . ." (Fed R. Civ. P. 7(a), 28 U.S.C.)

Petitioners did not move in the district court for leave to file an amended counterclaim (Tr. 35-41) until after respondent had filed a reply to the original counterclaim (Tr. 15-22).

The petition for a writ of mandamus or other relief is denied.

(Endorsed) Order Filed Dec. 29, 1961.

Frank H. Schmid, Clerk.

United States Court of Appeals for the Ninth Circuit. John M. Shubin and Peter S. Shubin, Petitioners, vs. The United States District Court for the Southern District of California, Central Division, Respondent.

The Honorable William M. Byrne, Judge of the United States District Court for the Southern District of California, Central Division, Respondent, and S. Vincen Bowles, Inc., Respondent. No. 17,590. Jan. 31, 1963.

On Petition for Writ of Mandamus, After Remand

Before: Barnes, Hamlin and Jertberg, Circuit Judges

Barnes, Circuit Judge:

This is a petition for a writ of mandamus requiring the District Court to grant petitioners a jury trial on certain issues raised by an *existing*, and a *proposed amended*, counterclaim. We have already ruled that the granting of leave to file said amended counterclaim was a discretionary matter with the trial court. We reaffirm that position.

Petitioners' second position is that they are entitled to a jury on the issue raised by the complaint and the original counterclaim already on file.

The Supreme Court of the United States vacated our earlier order,[1] and remanded the matter to us to be considered in the light of *Dairy Queen, Inc. v. Wood*, 1962, 369 U. S. 469. We have done this. This is a patent case.

> "Validity and infringement are ultimate facts on which depends the question of liability. In ac-

[1] 299 F. 2d 47.

tions at law they are to be decided by the jury." *United States v. Esnault-Pelterie*, 299 U. S. 201 at 205.

Is this declaratory relief action, with its compulsory counterclaim, an action at law? If we examine the pleadings before us alone, they indicate that there *could* exist an issue at law, *i.e.*, damage for infringement. No amount of damage is specified. There is no prayer for damages in any amount. We note, however, looking at substance and not form, that the petitioners herein have repeatedly represented to us on this appeal, and to the court below at the pre-trial hearings, and have stipulated to the fact, that no infringement has taken place. Hence there exists no possibility that damages could be awarded, or that an accounting could become necessary or possible. There is left only an "equitable cause" before the court below.

Under the case of *Beacon Theatres v. Westover*, 1959, 359 U. S. 500, we are required to examine the action now pending before the District Court "to determine if it contains legal issues." The only issue under the existing pleadings, admissions and stipulations is whether defendants are entitled to protection against the threatened infringement of their patent. The defendants seek only a permanent injunction against *threatened* infringement. This is not a legal issue. Defendants' only remedy would be in equity. This leaves then, the validity of the patent as the sole disputed factual issue.

An equitable claim may involve a legal issue of fact, or may turn on a question of fact. The existence of an issue of fact does not per se create a "legal claim."

This whole area of law is troublesome, as we have previously noted. *Bergman v. Aluminum Lock Shingle Corp. of America*, 1958, 9 Cir., 251 F. 2d 801 at 810.

Judge Woodbury of the First Circuit has said:

> "[I]t seems apparent that no general statement can be made concerning the classification of the broad question of patentable invention either as one of fact or as one of law." *Hanovia Chemical & Mfg. Co. v. David Buttrick Co.*, 1942, 127 F. 2d 888 at 890.

It has been held in an action for a declaratory judgment of invalidity of defendants' patent and noninfringement, where plaintiffs seek neither money damages nor an accounting, and defendants in their answer do not set up a counterclaim or an affirmative defense, the defendants' demand for a jury trial is properly stricken on motion, since the complaint as framed is equitable. *Brody v. Kafka*, 73 U. S. P. Q. 469, D. C. N. Y., 1947. But see *Packwood v. Briggs & Stratton*, D. C. Del. 1951, 99 F. Supp. 803, where it was held that the issue of validity, as well as infringement, is for the jury as trier of facts. The question arose in discussing the power of a district judge to grant a judgment non obstante veredicto in a patent case. Such action assumes that the question of invention is originally one of fact, but can become one of law. This District Court holding was reversed. 3 Cir. 1952, 195 F. 2d 971.

As this court said in the concurring opinion in *Bergman v. Aluminum Lock Shingle Corp. of America, supra,* at 809:

> "[We do] away with a frequent misapprehension that the question of the validity of a claim of a patent is solely one of fact."

And see the reference to *Himes v. Chadwick,* 9 Cir. 1952, 199 F. 2d 100; *Kwikset Locks v. Hillgren,* 9 Cir. 1954, 210 F. 2d 483; and *Oriental Foods v. Chun King Sales,* 9 Cir. 1957, 244 F. 2d 909. These followed *A. & P. Tea Co. v. Supermarket Corp.,* 1950, 340 U. S. 147.

We recognize that no longer can a jury trial be denied a litigant because the legal issues presented are "incidental" to equitable issues. "As long as any legal cause is involved the jury rights it creates control. This is the teaching of *Beacon Theatres,* as we construe it." *Thermo-Stitch, Inc. v. Chemi-Chord Processing Corp.,* 294 F. 2d 486, 491; cited with approval. Note 8, *Dairy Queen Inc. v. Wood, supra.*

But the facts of this case are not those of *Dairy Queen,* as we have pointed out. "The necessary prerequisite to the right to maintain a suit for . . . all . . . *equitable remedies, is . . . the absence of an adequate remedy at law . . .*," states *Dairy Queen,* p. 478 (emphasis supplied). Here there can be no adequate remedy at law.

We hold the claim here involved is, on the peculiar pleadings of this case, as modified by its admissions and stipulations, a purely equitable claim. The petition for writ of mandamus is denied.

(Endorsed) Opinion Filed Jan. 31, 1963.

Frank H. Schmid, Clerk.

Request for Reconsideration and Rehearing.

In the United States Court of Appeals for the Ninth Circuit.

John M. Shubin and Peter S. Shubin, Petitioners, vs. The United States District Court for the Southern District of California, Central Division; the Honorable William M. Byrne, Judge of the United States District Court for the Southern District of California, Central Division, and S. Vincen Bowles, Inc, Respondents. No. 17590.

To the Honorable, the Chief Judge and Associate Judges of the United States Court of Appeals for the Ninth Circuit:

The petitioners in the above matter respectfully request this Honorable Court to reconsider its decision of January 31, 1963, after remand by the Supreme Court, upon the Shubin petition for writ of mandamus or other relief, and to grant rehearing upon the following grounds:

Ground 1: The Court of Appeals has twice denied the Shubins' petition for writ of mandamus, once before the granting of certiorari by the Supreme Court and once after. According to this Court's own statement its consideration was directed to different subject matter in the two decisions. According to this Court's own statement it failed in both considerations to face a primary issue raised and urged by petitioners.

This Court, according to its own statement of the scope of its consideration, did not face or determine the issue of whether petitioners were entitled to a jury trial upon the issues *raised by the complaint for declara-*

tory relief and the answer thereto alone, a jury trial having been properly demanded, and *whether if that right did exist, it was waived by the filing of a compulsory counterclaim.*

This Court did not pass upon that question, yet it is the basic issue raised.

According to its own statements the issues considered in the two decisions were as follows:

First decision dated December 29, 1961 (par. 1):

> "Before us is a petition for Mandamus to require the district court to grant petitioners a jury trial on certain *issues raised by a proposed amended counterclaim.*"

Second decision dated January 31, 1963:

> "This is a petition for Writ of Mandamus requiring the District Court to grant petitioners a jury trial on certain issues *raised by an existing, and a proposed amended, counterclaim.*" (Decision, par. 1),
>
> and
>
> "Petitioners' second position is that they are entitled to a jury on the *issue raised by the complaint and the original counterclaim already on file.*" (Decision, par. 2).

The basic issue was never "issues raised by a proposed amended counterclaim", as stated in the first decision. That proposed counterclaim had not been filed. The proposal to file that "amended counterclaim" raised only the issue of petitioners' right to file it. The basic issue of petitioners' right to a jury trial upon the issues raised by the filed complaint and answer remained no

matter what happened to the "proposed amended counterclaim." That question was ignored by the first decision though clearly raised in the petition.

The second decision, that following remand by the Supreme Court and dated January 31, 1963, and as quoted above, states the issues to be "certain issues raised by an existing, and a proposed amended, counterclaim" and "the issue raised by the complaint and the original counterclaim", is closer by far than the alleged issues stated in the first decision but still misses the point.

Not the issues raised by "existing" or "proposed amended, counterclaim," not the issues raised "by the complaint *and* the original counterclaim", but: *Is the right to a jury trial as to issues raised by a complaint for declaratory relief and the answer lost by the filing of a compulsory counterclaim?*

That is the issue. This Court has not faced that issue squarely and it is the basic issue presented. It should, in order that the Supreme Court will know its position clearly, for the importance of the rights involved will of necessity cause this matter to be resubmitted there.

Ground 2: The decision of this Court upon remand holds that a declaratory judgment action seeking no equitable relief is transformed into an action in equity by virtue of the presence of a compulsory counterclaim and in so holding is in error in each of the following important respects:

a. It ignores the law that a declaratory judgment action is neither legal nor equitable; and

b. It ignores the basic rule that a jury trial properly demanded is to be denied only under "imperative circumstances"; and

c. It ignores the basic concept that the filing of a compulsory counterclaim cannot be considered as a waiver of a right of jury with respect to issues raised in other pleadings as to which a jury has been properly demanded.

Ground 3: The decision of this Court upon remand is incompatible with the spirit and the law of *Beacon Theatres* and *Dairy Queen* which recognize the right to a jury trial properly demanded upon jury issues is to be denied only under "imperative circumstances", and in accepting as "imperative circumstances" circumstances which are in no sense "imperative" comprising:

a. The presence of a compulsory counterclaim;

b. The request for an accounting in the compulsory counterclaim when everyone admits there is nothing to account for;

c. The request for an injunction in the compulsory counterclaim which also clearly is not needed for the same reason the accounting is not needed.

Ground 4: The decision of this Court upon remand ignores the fact the issues of validity and infringement are suitable for a jury under *United States v. Esnault-Pelterie*, 299 U. S. 201, 205, that a jury trial was demanded as to those issues raised by the complaint and answer, and that the filing of a compulsory counterclaim does not effect a waiver of that demand.

Ground 5: This Court obviously erred in holding that there "can be no adequate remedy at law" (penultimate paragraph of decision) in the present case where the remedy at law is fully adequate as to the complaint and answer for which a jury trial has been demanded.

For each of the above reasons or grounds, this Court is respectfully requested to reconsider and rehear this case.

Respectfully submitted,

/s/ W. D. SELLERS
WILLIAM DOUGLAS SELLERS
Attorney for Petitioners
John M. Shubin and Peter S. Shubin

CERTIFICATE

I hereby certify that in my judgment the foregoing Request for Reconsideration and Rehearing is well founded and is not interposed for delay.

/s/ W. D. SELLERS
WILLIAM DOUGLAS SELLERS

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IN THE

Supreme Court of the United States

October Term, 1962
No. 1005

JOHN M. SHUBIN and PETER S. SHUBIN,
Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,
Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court, for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.
Respondent.

Opposition by Respondent S. Vincen Bowles, Inc. to the Granting of a Second Writ of Certiorari Herein.

S. Vincen Bowles, Inc. respectfully prays that this Honorable Court deny petitioners' petition for a writ of certiorari to review the order of January 31, 1963, of the United States Court of Appeals for the Ninth Circuit, entered after remand by this Honorable Court.

The Prior Opinions.

The prior *written* opinions are correctly referenced in petitioners' current brief, and further reference is unnecessary here. It should be added, however, that the respondent trial judge gave an extensive oral opinion from the bench at the conclusion of the hearing on the motion to strike the jury demand. Reference to the trial judge's oral opinion is included in the December 29, 1961 opinion of the Court of Appeals [R. p. 90].

Also, to complete the record, the citation of the second decision and order of the Court of Appeals, review of which is sought here, is

313 F. 2d 250 (9th Cir. 1963).

Jurisdiction.

The basis of jurisdiction here is correctly set forth in petitioners' brief.

The Questions Presented.

We believe that the ten alleged "questions" set forth in petitioners' brief are neither factually correct nor, in any respect, helpful to this Honorable Court, and accordingly we set forth our view of the questions presented, as follows.

1. Where a manufacturer is threatened with an action for infringement of a patent, if he proceeds with *proposed* manufacture and sale of a specified device and, to relieve himself of such threat, brings a declaratory judgment action seeking a judicial determination that the patent is invalid or that the specified device would not infringe, or both, does such action

present a "legal claim" and thus amount to a "suit at common law" requiring a jury trial under the Seventh Amendment of the Constitution of the United States?

2. Where, in the above circumstances, the defendant patent owner counterclaims alleging infringement and threatened infringement, and seeking injunctive relief and an accounting, but *no money damages*, and subsequently admits on the record that *no infringement has as yet taken place*, does the counterclaim present a "legal claim" requiring a Constitutional jury trial?

3. Under the rule and rationale of the decision of this Honorable Court in *Dairy Queen, Inc. v. Wood*, 369 U. S. 469 (1962), does the mere presence in a counterclaim of a formal prayer for an accounting create a "legal issue" requiring a Constitutional jury trial, even where it is subsequently conceded by the counterclaimant that no infringement has occurred, there are no damages, and that such accounting is "unnecessary"?

We submit that all of the above questions should be answered in the negative.

Constitutional Provisions, Statutes, and Rules Involved.

The following Constitutional Provisions, Statutes, and Rules are involved.

United States Constitution, Seventh Amendment;

United States Code, Title 28, Section 2072 (1952);

Federal Rules of Civil Procedures, Rules 38 and 39.

Statement of the Case.

John and Peter Shubin (hereinafter referred to as Shubins), petitioners here and defendants-counterclaimants in the trial court, are the owners of United States Letters Patent No. 2,961,105, disclosing and claiming a trash truck and loading mechanism. Respondent S. Vincen Bowles, Inc. (hereinafter referred to as Bowles), prior to the issue of the Shubins patent, manufactured and sold trash trucks of a design and construction which the Shubins allege would infringe the patent. As will appear below, however, no such trucks were made, used or sold by Bowles after the Shubin patent issued.

Shortly after their patent issued, the Shubins charged Bowles with infringement, and threatened an action for patent infringement if Bowles were thereafter to manufacture or sell any of the accused trucks.

Bowles sought relief from this threat by filing a declaratory relief action [R. pp. 28-36] in which it alleged (1) the threat of action under the Shubin patent, (2) that it had not infringed and did not threaten to, and (3) that the patent was invalid. Bowles' complaint prayed for a declaration that the patent was not infringed, and was invalid.

The Shubins filed a counterclaim [R. pp. 37-39] in which they alleged that their patent had been infringed by Bowles, and that Bowles threatened to continue to infringe, and prayed for an injunction, an accounting, and for an award of such sum as might be shown by the accounting. No amount of damages was specified, and there was no prayer for damages in any amount.

Extensive discovery ensued, during which it became apparent to the Shubins that none of the accused trucks had been manufactured or sold since the patent issued.

Bowles moved to strike the demand for a jury trial on alternate grounds, *i.e.*, (1) that the issues were purely equitable, or (2) that any "legal" relief sought was merely incidental to equitable relief.

The Shubins, in an attempt to preserve their alleged right to a jury trial, sought by motion to amend their counterclaim [R. pp. 61-62] to allege damages in the amount of $5000, and to add a prayer for damages in that amount [R. p. 63]. At the same time, in order to strip the counterclaim of all indicia of an equity action, *the Shubins admitted that there had been no infringement of their patent,* and sought by amendment to delete the prayer for an accounting from the counterclaim, arguing that it was, in the circumstances, "unnecessary". The Shubins made no attempt to reconcile their claim for $5000 damages for infringement with the *admitted fact that no infringement had taken place.*

The respondent trial court, obviously recognizing the "sham" character of the proposed amended counterclaim, denied the Shubins' motion to amend, granted Bowles' motion to strike the demand for a jury trial, and ordered the case set down for a non-jury trial.

The Shubins sought a reversal of the above orders by mandamus from the Court of Appeals for the Ninth Circuit. Mandamus was denied [R. pp. 89-91], and a petition for a writ of certiorari was granted by

this Honorable Court, and the case remanded "for consideration in light of Dairy Queen, Inc. v. Wood".

The Court of Appeals, upon remand, again reviewed the matter in detail in the light of this Honorable Court's opinion in *Dairy Queen*, and reaffirmed its prior ruling denying mandamus [R. pp. 173-176]. This last ruling is now the subject of the present petition.

Summary of Respondent's Argument.

1. The Court of Appeals scrupulously followed the Mandate of this Court, and correctly applied the rule and rationale of *Dairy Queen, Inc. v. Wood*, 369 U. S. 469 (1962).

2. Assuming, *arguendo*, that in this case validity of the patent involves a question of fact, this does not *per se* create a "legal claim" requiring a trial by jury under the Constitution.

3. There is, and can be no adequate remedy at law for the claims in issue here, or any of them, and thus the action is one cognizable in equity only.

ARGUMENT.

1. The Court of Appeals Scrupulously Followed the Mandate of This Honorable Court, and Correctly Applied the Rule and Rationale of Dairy Queen, Inc. v. Wood.

Although the present petition seeks to reargue many matters raised in Shubins' prior petitions here and in the Court of Appeals, the present issue may be resolved on much narrower ground.

This Honorable Court remanded this case solely and expressly "for consideration in light of Dairy Queen, v. Wood" [R. p. 121]. Thus, if the Court of Appeals has properly considered and applied the principles enunciated in *Dairy Queen*, this petition should be denied. All other questions are, we submit, moot.

For purposes of comparison, we set forth briefly our understanding of the controlling facts of *Dairy Queen, Inc. v. Wood.* That controversy arose out of (1) defendant's breach of a written trademark licensing agreement (set out in detail in the pleadings) by failure to pay the agreed amount for use of the trademark, (2) plaintiff's cancellation of the contract for such breach, and (3) defendant's infringement by continuing to use the trademark after such cancellation. The complaint prayed for various types of injunctive relief, for an accounting to determine the exact amount of money owing by the defendant, and a judgment for that amount.

The opinion of this Honorable Court in *Dairy Queen*, as we understand it, and as it was apparently understood by the Court of Appeals, dealt with two basic questions, *i.e.*, (1) whether a Constitutional jury trial

may be avoided on the grounds that a claim for a money judgment is "incidental" to equitable claims and thus no "legal issue" is presented, and (2) whether a Constitutional jury trial may be avoided by casting a claim for money in terms of an "accounting". This Honorable Court decided both those questions in the negative.

Turning to the facts of the present case, and *looking only at the form* of the pleadings, it is seen that the allegations of infringement in the counterclaim [R. p. 38] and the prayer for an accounting [R. p. 39] indicate that the circumstances of *Dairy Queen might* be involved, and part of the issue, at least, might be tantamount to an "action at law", as that term is used in the Seventh Amendment. In view of this apparent possible similarity to *Dairy Queen*, the Court of Appeals carefully examined not only the *form* of the pleadings, but the *substance*. When so viewed, it became clear that the rule of *Dairy Queen* is not applicable here, and that this is, in no sense, an "action at law". The Court of Appeals said:

> "Is this declaratory relief action, with its compulsory counterclaim, an action at law? If we examine the pleadings before us alone, they indicate that there *could* exist an issue at law, i.e., damage for infringement. No amount of damage is specified. There is no prayer for damages in any amount. We note, however, looking at substance and not form, that the petitioners herein have repeatedly represented to us on this appeal, and to the court below at the pre-trial hearings, and have stipulated to the fact, that no infringe-

ment has taken place. Hence there exists no possibility that damages could be awarded, or that an accounting could become necessary or possible. There is left only an 'equitable cause' before the court below." [R. p. 174].

Petitioners' representations and admissions that *no infringement has taken place and no damages have accrued* are repeated in its current brief before this Honorable Court. See, *e.g.*, pages 22, 31 and 32.

In short, the pleadings here present only the form but not the substance of a possible legal claim. The *only* claims actually in issue are purely equitable in nature.

2. Assuming, Arguendo, That in This Case Validity of the Patent Involves a Question of Fact, This Does Not, Per Se, Create a "Legal Claim" Requiring a Trial by Jury Under the Constitution.

The main thrust of petitioners' argument is the erroneous assertion that the issues of validity and infringement involve fact questions, and are thus, *ipso facto*, "jury issues". Therefore, it is argued, since such issues are involved here, they must, upon demand, be tried to a jury.

Petitioners have attempted to document the foregoing argument by a host of citations, all of which go merely to the question of whether validity and infringement are questions of fact or questions of law. None of the cases cited suggests that questions of fact must *always* be determined by a jury.

On the contrary, it is clear from the cases cited that, in actions "at law" for infringement (*i.e.*, where

money damages are sought), the factual questions involved are determined by a jury, while in suits "in equity" (*e.g.*, where only injunctive relief is sought), the *same* factual questions are properly determined by the court without a jury.

Of particular pertinence on this point is the case of *Poppenhusen v. Falke*, 19 Fed. Cas. 1048 (No. 11,279) (C. C. N. Y. 1861), wherein the holding was exactly opposite to that alleged by petitioners on page 26 of their brief.

This was a suit in equity, and in particular a decision on a motion for a preliminary injunction to restrain infringement of patents. One of the patents was a reissue and there had been prior actions at law on one of the patents and the *original* of the reissue.

One of the defenses to the motion for a preliminary injunction was that the reissue patent was for a different invention and was not infringed. It was also argued that such question (the difference between the original and reissue patents) must be determined by a jury *because it involved a question of fact.*

The court rejected the last-mentioned contention and determined the fact issues without a jury. In its opinion, the court said:

> "It is undoubtedly true that the inquiry, whether the reissued patent is for the same invention as the original, involves a question of fact. And *if this were a jury trial*, that fact would have

to be disposed of by the jury. The cases of Battin v. Taggert, 17 How. [58 U. S.] 74, and Carver v. Braintree Manuf'g. Co. [Case No. 2,485], cited in support of the claim that this fact in the case now before us should be submitted to the jury, *do not, I think, sustain that claim. Those were actions at law*, and tried, of course, to the jury. All the controverted facts in each case must or should have been submitted to the jury. ***But the power or duty of courts of equity to pass upon this, or any other facts that may be put in issue by a bill and answer, is not touched by these cases.***" (Emphasis added.)

19 Fed. Cas. 1048, 1050.

Neither, may we add, is this "power or duty of courts of equity" touched upon in any of the cases cited by petitioner here.

The court did not undertake to decide the question of infringement at the time of the motion for a preliminary injunction, but reserved that question for a full submission of proofs. The decision on the motion does include, however, this comment concerning the question of infringement:

> "This question I will not now determine; *nor do I think it necessary to send it to a jury.*" (Emphasis added.)

19 Fed. Cas. 1048, 1050.

For the results of the final hearing of *Poppenhusen v. Falke, supra*, see 19 Fed. Cas. 1052 (No. 11,280), where the court found all facts without a jury, and granted a permanent injunction.

A more recent case which states the above principle is *Pacific Indemnity Co. v. McDonald et al.*, 107 F. 2d 446 (9th Cir. 1939). There the court said:

> ". . . it is clear we think that issues of fact are neither legal nor equitable but that their disposition by the court or jury, as the case may be, depends upon the setting in which the issues are framed. If the issues are raised in an action at law the right to a jury trial obtains and if raised in an action in equity it may be determined by the court without a jury, . . ."
>
> 107 F. 2d 446, 448

In conclusion on this point, we submit that the inquiry whether validity or infringement involve questions of fact is entirely beside the point, and sheds no light whatsoever on the question of whether this is an "action at law" or a "suit in equity". In either case, questions of fact will obviously be involved and determined—in the one case by a jury since one is demanded; in the other case by the court without a jury.

So much and no more is demonstrated by the many cases cited by petitioners.

Therefore, we submit, the Court of Appeals correctly disposed of petitioners' "question of fact" argument when it said:

> "An equitable claim may involve a legal issue of fact or *may turn on a question of fact. The existence of an issue of fact does not per se create a 'legal claim'.*" (Emphasis added.) [R. p. 174].

3. There Is, and Can Be No Adequate Remedy at Law for the Claims in Issue Here or Any of Them, and Thus the Action Is One Cognizable in Equity Only.

Dairy Queen, Inc. v. Wood reaffirms the well-established rule that equity acts where the remedy at law is inadequate. In *Dairy Queen*, the facts were such as to provide an adequate remedy at law—here they are not. Thus respondent's only remedy is in equity. That this principle is directly applicable here is noted by the Court of Appeals as follows:

> "But the facts of this case are not those of *Dairy Queen*, as we have pointed out. 'The necessary prerequisite to the right to maintain a suit for . . . all . . . *equitable remedies, is . . . the absence of an adequate remedy at law . . .*,' states *Dairy Queen*, p. 478 (emphasis supplied). Here there can be no adequate remedy at law." [R. p. 176].

Clearly, there is no legal remedy—adequate or otherwise—for *any* claim now at issue in this case. As the Court of Appeals noted:

> "The only issue under the existing pleadings, admissions and stipulations is whether defendants are entitled to protection against the threatened infringement of their patent. The defendants [petitioners here] seek only a permanent injunction against *threatened* infringement. This is not a legal issue." (Emphasis in original.) [R. p. 174].

In the concurrent opinion in *Dairy Queen,* the above-discussed principle is expressed in these words:

> "To render this aspect of the complaint truly 'equitable' it must appear that *the substantive claim is one cognizable only in equity* . . ." (Emphasis added.)
>
> 369 U. S. 469, 480

This prerequisite, *i.e.*, lack of adequate legal remedy, certainly exists in this case, whether the case be viewed from the standpoint of plaintiff or defendant.

Bowles is threatened with suit for infringement of what it alleges is an invalid patent, *if, in the future,* it manufactures a specified device. This is a classic situation calling for equitable relief from the threat of suit, and for which no common law remedy whatsoever exists, adequate or otherwise.

Conversely, Shubins clearly and unequivocally admit, indeed strenuously urge upon the Court, the fact that there has been *no* manufacture or sale since the patent issued, and that, therefore, there has been, as yet, no infringement, and there is "nothing to account for". Obviously, since there is nothing to account for, there is no possible basis for a judgment for damages. The only other pleaded counterclaim involves Bowles' alleged *threat* to infringe (see Paragraph IV of Counterclaim) [R. p. 38]. Clearly, there is no common law action or remedy for *that.* It is a type of threat traditionally calling for the equitable remedy of injunction.

Shubins' recognition of the absence of legal remedy is epitomized in its allegation, in the classic language

of chancery, that it is threatened with "irreparable injury . . . unless said infringement is enjoined" (Paragraph V of Counterclaim) [R. p. 38].

Shubins, through their counsel, opposing the motion to strike the demand for a jury, stated the *only* present issue in the clearest possible terms, as follows:

> "It has developed that the plaintiff *is not infringing* and *has not since the patent issued* and accordingly the *only questions* present are the validity of the patent and the question of *whether the plaintiff will infringe by renewed manufacture.*" (Emphasis added.)
>
> Petitioners' "MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTION TO STRIKE DEFENDANTS' DEMAND FOR A JURY TRIAL" in the District Court, pp. 1-2 [R. p. 67].

Thus, the *substantive* claims of both parties here are *prospective* in character—not *retrospective*. In other words, the only true issue remaining between the parties concerns the consequences of *future* manufacture or sale by Bowles of the devices in question. The Shubins contend that Bowles threatens such manufacture and sale, and that this *will* infringe the patent *if* it occurs. Bowles contends that it will not, because, among other things, the patent is invalid.

Since the Shubins now admit that there has been no *past* infringement, the above-noted issue of the alleged threat of future infringement is all that can possibly remain to be litigated. Accordingly, the only possible remedies for the respective parties are either an injunction, or alternatively, a declaration that there

is no right to an injunction. Clearly, these are both matters of exclusively equitable cognizance. There is no legal issue here that can or, in law, should be presented to a jury.

Conclusions.

The Court of Appeals meticulously followed the mandate of this Honorable Court in its remand of the case for reconsideration in light of *Dairy Queen*, and correctly applied the principles of law enunciated therein.

The facts and pleadings of this case are clearly distinguishable from those in *Dairy Queen*, and show clearly that, contrary to the situation in that case, the claims at issue in the case at bar are cognizable *only in equity*. Thus, the trial court was correct in striking the jury demand, and the Court of Appeals was correct in denying a writ of mandamus.

There being no other matter presented by the present petition which is suitable for review by this Honorable Court, the petition for a writ of certiorari should be denied. Such denial is solicited.

Respectfully submitted,

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